
TRANSPORTATION RIDERS UNITED, INC.

(A MICHIGAN NON-PROFIT CORPORATION)

**Financial Reports
For The Year Ended
December 31, 2019
(With Comparative Totals for 2018)**



certified public accountants

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TRANSPORTATION RIDERS UNITED, INC.
Detroit, Michigan

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Transportation Riders United, Inc.
Detroit, Michigan

We have audited the accompanying financial statements of Transportation Riders United, Inc. (a nonprofit organization) which comprise the statement of financial as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transportation Riders United, Inc. as of December 31, 2019, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2018 financial statements were reviewed by us, and our report thereon, dated August 22, 2019, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

**Report on Summarized Comparative Information**

As described in the preceding paragraph of this report, we have previously reviewed the Transportation Riders United, Inc. 2018 financial statements, and our report dated August 22, 2019, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Gordon Advisors, P.C.

June 24, 2020

TRANSPORTATION RIDERS UNITED, INC.
Statements of Financial Position

ASSETS

	December 31,	
	2019	2018
	<u>Audited</u>	<u>Unaudited</u>
Current Assets		
Cash	\$ 75,586	\$ 85,180
Grants receivable	0	4,250
Pledges receivable	1,000	0
Prepaid expenses	5,902	343
Total Current Assets	<u>82,488</u>	<u>89,773</u>
Property and equipment - At cost:		
Computers and equipment	48,138	44,232
Less: Accumulated depreciation	<u>(27,688)</u>	<u>(20,863)</u>
Total Fixed Assets - At cost, Less Accumulated Depreciation	<u>20,450</u>	<u>23,369</u>
	<u>\$ 102,938</u>	<u>\$ 113,142</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accrued liabilities	\$ 9,463	\$ 7,430
Deferred revenue	<u>10,000</u>	<u>0</u>
Total Liabilities	<u>19,463</u>	<u>7,430</u>
Net Assets		
Without donor restrictions	83,475	105,712
With donor restrictions	<u>0</u>	<u>0</u>
Total Net Assets	<u>83,475</u>	<u>105,712</u>
	<u>\$ 102,938</u>	<u>\$ 113,142</u>

See Independent Accountants' Review Report and Accompanying Footnotes.

TRANSPORTATION RIDERS UNITED, INC.
Statements of Activities
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019 Audited			2018 Unaudited
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Other Support				
Grants	\$ 51,000	\$ 0	\$ 51,000	\$ 128,500
Membership dues and contributions	47,732	0	47,732	31,483
Special events	6,821	0	6,821	11,655
In-kind donations	563	0	563	1,275
	<u>106,116</u>	<u>0</u>	<u>106,116</u>	<u>172,913</u>
Net assets released from restrictions - Satisfaction of program restrictions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue and Other Support	<u>106,116</u>	<u>0</u>	<u>106,116</u>	<u>172,913</u>
Expenses				
Program expenses	81,160	0	81,160	110,403
Supporting services - Management and general	29,396	0	29,396	20,076
Fundraising	17,752	0	17,752	21,758
Total Expenses	<u>128,308</u>	<u>0</u>	<u>128,308</u>	<u>152,237</u>
Other Income				
Other income (expense)	<u>(45)</u>	<u>0</u>	<u>(45)</u>	<u>229</u>
Total Other Income	<u>(45)</u>	<u>0</u>	<u>(45)</u>	<u>229</u>
Change In Net Assets	<u>(22,237)</u>	<u>0</u>	<u>(22,237)</u>	<u>20,905</u>
Net Assets - Beginning of Year	<u>105,712</u>	<u>0</u>	<u>105,712</u>	<u>84,807</u>
Net Assets - End of Year	<u>\$ 83,475</u>	<u>\$ 0</u>	<u>\$ 83,475</u>	<u>\$ 105,712</u>

See Independent Accountants' Review Report and Accompanying Footnotes.

TRANSPORTATION RIDERS UNITED, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019				
	Audited				
	Program Services				
	Bus Improvement Advocacy	Regional Transit Advocacy	Transportation Advocacy	Community Outreach & Engagement	Total Program Services
Salaries	\$ 5,630	\$ 16,461	\$ 10,064	\$ 21,536	\$ 53,691
Payroll taxes	420	1,262	768	1,638	4,088
Employee benefit program	216	655	396	818	2,085
Total Compensation	6,266	18,378	11,228	23,992	59,864
Contractual and professional services	0	0	0	0	0
Occupancy	103	309	188	387	987
Sub-grantee services	0	0	0	0	0
Telephone	117	353	216	444	1,130
Printing, postage & supplies	9	35	15	1,304	1,363
Meetings and educational material	287	3,050	408	1,881	5,626
Office expenses and miscellaneous	357	2,018	443	1,595	4,413
Transportation	230	203	47	472	952
Insurance	0	0	0	0	0
Subtotal	1,103	5,968	1,317	6,083	14,471
Depreciation	0	0	0	6,825	6,825
Total Expenses	\$ 7,369	\$ 24,346	\$ 12,545	\$ 36,900	\$ 81,160

See Independent Accountants' Review Report and Accompanying Footnotes.

TRANSPORTATION RIDERS UNITED, INC.
Statements of Functional Expenses (continued)
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	<u>2019</u>		<u>2019</u> <u>Audited</u> <u>Total</u>	<u>2018</u> <u>Unaudited</u> <u>Total</u>
	<u>Audited</u>			
	<u>Supporting Services</u>			
	<u>Management & General</u>	<u>Fundraising</u>		
Salaries	\$ 6,307	\$ 12,750	\$ 72,748	\$ 51,229
Payroll taxes	235	964	5,287	4,233
Employee benefit program	7,118	554	9,757	7,200
Total Compensation	<u>13,660</u>	<u>14,268</u>	<u>87,792</u>	<u>62,662</u>
Contractual and professional services	11,954	0	11,954	19,726
Occupancy	2,875	263	4,125	3,000
Sub-grantee services	0	0	0	36,000
Telephone	0	300	1,430	1,112
Printing, postage & supplies	188	881	2,432	1,311
Meetings and educational material	0	1,263	6,889	9,034
Office expenses and miscellaneous	93	710	5,216	9,601
Transportation	0	67	1,019	1,923
Insurance	626	0	626	1,844
Subtotal	<u>15,736</u>	<u>3,484</u>	<u>33,691</u>	<u>83,551</u>
Depreciation	<u>0</u>	<u>0</u>	<u>6,825</u>	<u>6,024</u>
Total Expenses	<u>\$ 29,396</u>	<u>\$ 17,752</u>	<u>\$ 128,308</u>	<u>\$ 152,237</u>

See Independent Accountants' Review Report and Accompanying Footnotes.

TRANSPORTATION RIDERS UNITED, INC.
Statements of Cash Flows

	For the Years Ended December 31,	
	2019	2018
	Audited	Unaudited
Operating Activities		
Change in net assets	\$ (22,237)	\$ 20,905
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,825	6,024
Donated investment securities	(3,074)	(5,433)
(Increase) Decrease in operating assets:		
Grant receivable	4,250	(4,250)
Pledges receivable	(1,000)	0
Prepaid expenses	(5,560)	1,289
Increase (Decrease) in operating liabilities:		
Increase in accrued liabilities	2,034	(3,036)
Increase in deferred revenue	10,000	0
Net Cash Provided By (Used In) Operating Activities	(8,762)	15,499
Investing Activities		
Purchase of equipment	(3,906)	(847)
Proceeds from sale of assets	3,074	5,433
Net Cash Provided By (Used In) Investing Activities	(832)	4,586
Net Increase (Decrease) in Cash	(9,594)	20,085
Cash		
Beginning of Year	85,180	65,095
End of Year	\$ 75,586	\$ 85,180

See Independent Accountants' Review Report and Accompanying Footnotes.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements
For the Year Ended December 31, 2019 and 2018

NOTE**1. Organization and Purpose**

Description of Organization – Transportation Riders United, Inc. “the Organization” is a nonprofit corporation organized under the laws of the State of Michigan. The Organization’s mission is: Transportation Riders United, Inc. believes everyone should be able to get where they need to go. We educate, mobilize, and advocate for more and better public transit and other affordable mobility options throughout Metro Detroit.

Program Services:

Bus Improvement Advocacy – Monitoring, promoting, and advocating for improvements in existing bus service and funding, and seeking to provide bus riders a voice in transit decisions.

Regional Transit Advocacy – Monitoring, supporting, and advising the Regional Transit Authority (RTA) and otherwise advocating for improved transit throughout southeast Michigan with and through the RTA.

Transportation Advocacy (Other) – Monitoring and seeking to improve non-bus and non-RTA transportation projects including M-1 Rail streetcar and highway expansion proposals.

Transit Education Project – Educating voters about and making the case to support the Regional Transit funding ballot measure to invest in transit expansion.

Community Outreach and Engagement – Informing and engaging transit stakeholders and the broader public about transit news, events and opportunities for involvement.

Management and General – This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization’s programs, planning, and manage the financial and budgeting responsibilities of the Organization.

Fundraising – This provides the structure necessary to encourage and secure support from individuals, foundations, corporations, and government agencies.

2. Summary of Significant Accounting Policies

The following are accounting principles and policies followed by the Organization:

Basis of Accounting – The accrual basis of accounting has been adopted for purposes of financial reporting.

Classification of Net Assets – Net assets of the Organization are classified as without donor restrictions and with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization’s ability to use or dispose of contributed assets or the economic benefits embodied in these assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in net assets with donor restrictions. Earnings, gains and losses on net assets with donor restrictions are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments – Purchased and donated securities are valued at fair market value.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019 and 2018

NOTE

2. Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts – The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined that no allowance is necessary as all amounts are expected to be received.

Property and Equipment – It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Contributed Support – Contributions of cash and other assets, including unconditional promises to give in the future, are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The Organization records various types of in-kind support. The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Contributions of tangible assets are recognized at estimated fair values when received. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

Also, a number of volunteers donated significant amounts of their time in the Organization's program services. The value of these services is not disclosed since no objective basis is available to measure the value of such services.

Estimates in the Financial Statements – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentrations of Credit Risk – The Organization maintains its checking and savings accounts at a financial institution whose balances are insured up to limits established by the Federal Deposit Insurance Corporation. The Organization at times maintains balances in excess of federally insured limits. Management does not believe the Organization is exposed to any unusual credit risk on uninsured balances.

Subsequent Events – The Organization has evaluated events and transactions that occurred through June 24, 2020, which is the date the financial statements were available for issue.

Advertising – Advertising costs are expensed as incurred.

Uncertain Tax Positions – Management evaluates, at least annually, whether any tax positions reported on a tax return are more likely than not to be sustained if challenged. Management believes no such positions exist that would have a significant impact on the Organization's financial position and statement of activities. As of December 31, 2019, no liability for unrecognized tax benefits was recorded.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019 and 2018

NOTE

3. Federal Income Taxes

The Organization has applied to the Internal Revenue Service and has received a favorable determination letter for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Therefore, a provision for federal income taxes is not required. In addition, the Organization has been determined not to be a private foundation within the meaning of Section 509(A) of the code.

4. Functional Allocation of Expenses

Expenditures incurred in connection with the Organization's operations are summarized on both a functional basis and using natural expense categories in the statement of activities to segregate program service expenses from administrative and fundraising costs.

The costs of providing programs, fundraising, and supporting services are reported in the statement of functional expenses. Indirect costs have been allocated between the various programs, supporting services, and fundraising based on estimates by management.

5. Unconditional Promises to Give

There were no unconditional promises to give as of December 31, 2019.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions represent certain grants and contributions that have been received that are either time restricted or purpose restricted for a particular Organization project. As of December 31, 2019, there was \$0 in temporarily restricted net assets.

7. 2018 Financial Data

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Transportation Riders United, Inc.'s financial statements for the year ended December 31, 2018.

8. Fair Value Measurements

The Organization uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Organization utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Organization applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable input (Level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019 and 2018

NOTE**8. Fair Value Measurements (Continued)**

Level 2 Inputs to the valuation methodology include: 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in inactive markets, 3) inputs other than quoted prices that are observable for the asset or liability, 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Investment Valuation and Income Recognition: The Organization's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices that represent the net asset value of shares held by the Organization at year-end. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net investment earnings include unrealized appreciation and depreciation, realized gains and losses, and dividends and interest income.

The preceding method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investment balances of \$-0- and \$-0- as of December 31, 2019 and 2018 are considered to be Level 1 inputs.

9. Office Rental Agreement

The Organization leases from TechOne for its operations. The agreement calls for monthly payments of \$250, which increased to \$375 in April of 2019, and the lease can be terminated at any time.

10. Liquidity Management

The Organization has \$75,586 of cash assets available within one year of the balance sheet date to meet cash needs for general expenditures. None of the cash is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain enough cash to meet all anticipated operating expenses throughout the year.

11. Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance under accounting principles generally accepted in the United States of America. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In applying the new standard, the Organization determined there was no material impact on the Organization's results of operations or financial condition upon adoption of the new standard.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019 and 2018

NOTE

12. Subsequent Event

On March 13, 2020 a National Emergency was declared in response to the outbreak of a novel strain of coronavirus in the United States. To further contain the spread of the virus, on March 24, 2020, the State of Michigan issued a stay-at-home Executive Order, which has been extended a number of times, that mandates individuals remain in their residences except for activities that sustain or protect life, as defined by the order. While this disruption is expected to be temporary, there is considerable uncertainty as to the duration and spread of the outbreak, its impact on the economy as a whole, and on the Organization's operations. Therefore, management cannot reasonably estimate how this matter will affect results of operations and financial position.